

**Minister: GST will not result in high inflation**

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Domestic Trade, Consumer Affairs and Cooperatives Minister Hasan Malek is confident that the implementation of the Goods and Services Tax (GST) would not lead to high inflation.

This is despite the Finance Ministry's economic report warning that inflation could exceed four percent in 2015 with the enforcement of GST.

Hasan said the government has various mechanisms to monitor the Consumer Price Index (CPI) to ensure prices are under control.

The government, through his ministry, collects various statistics every month to evaluate the CPI.

"As I remember, the CPI for last month is around 3.2 percent only, there may be a slight increase or decrease, but I am confident that it will not lead to a high inflation tomorrow, with some items being exempted from tax and so on.

"Every month, there are statistics. We still can control inflation as we have mechanisms to monitor the rise in CPI to ensure everything is under control. We will take measures to control prices," Hasan assured.

Some of the measures taken by the government include laws that prevent traders raising their prices on a whim, he said, such as the Price Control and Anti-Profiteering Act 2011 and the Trade Descriptions Act 1972.

"Price monitoring officers all over the country will visit shops and markets at random to get the prices of the goods and report back to the ministry.

"We have mechanisms where we analyse these numbers so that we can display the index price for a few goods to make it help making decisions or comparisons, Hasan told reporters after launching the Halal Forum 2014 at UCSI University in Kuala Lumpur.

'Initiatives help to protect traders'

The minister said these initiatives help protect traders and ease consumer anxiety to create a 'win-win situation', and these measures would be in force during the festive periods, including the coming Deepavali celebration.

"I am pleased to know that the prices of chicken and lentils are lower compared with last year, which is good news for Indians celebrating Deepavali," he said.

Responding to criticism from the Associated Chinese Chambers of Commerce and Industry of Malaysia (ACCCIM), Hasan said that is the association's right to comment but the government never lied to the people.

The prime minister had announced that the prices of 532 tax-exempt goods in the CPI basket of goods and services will fall by 4.1 percent when GST is implemented, but ACCCIM has said it is impossible.

ACCCIM said this is only true in theory, but in reality the six percent GST would increase the cost of doing business, hence the prices would not fall.

"We will list the items that will be tax-exempt. We never lie, it is their right to give their opinion," Hasan replied.

He also said exports of halal products from Malaysia have reached RM9.2 billion for the first quarter of this year, mainly from food and beverages that recorded an export value of RM3.5 billion or 39.9 percent of the total exports.

This is followed by halal ingredients worth RM3 billion, palm oil derivatives worth RM1.4 billion, cosmetics and hygiene products worth RM573 million, chemical industry products worth RM524 million, and pharmaceuticals worth RM113 million, Hasan added.